

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00
INRE-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08 EA-10
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O R 211853Z OCT 77
FM AMEMBASSY PARIS
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USEEC

E.O. 11652: N/A
TAGS: ETRD, OECD, EEWT
SUBJECT: OECD TRADE COMMITTEE MEETING OCT. 19-20

1. SUMMARY: TRADE COMMITTEE'S INFORMAL EXCHANGE OF
VIEWS ON CURRENT TRADE PROBLEMS REVEALED GENERAL DESIRE
TO ACHIEVE BETTER UNDERSTANDING OF NATURE AND CAUSES OF
SHIFTS IN TRADE PATTERNS AND ADJUSTMENT PROBLEMS FACING
OECD ECONOMIES. DELS FELT STRONGLY THAT THIS SHOULD BE
DONE WITHOUT ENGAGING IN SPECIFIC SECTOR STUDIES OR
PROVIDING ANY PRETEXT FOR RESTRICTIVE APPROACHES TO
RESOLVING CURRENT PROBLEMS. CHAIRMAN STEEG WILL CON-
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SULT WITH INTERESTED DELS AND SECRETARIAT ON PREPARA-
TIONS FOR CONTINUED EXCHANGE OF VIEWS AT NEXT TC MEET-
ING, SCHEDULED FOR FEB. 22-23. GROUP ENDORSED CONTIN-
UED WORK ON EAST-WEST TRADE, PARTICULARLY TO UPDATE
TRENDS STUDY AND LOOK MORE CLOSELY AT RECIPROCITY
ISSUES. WORK ON S&D WAS PUT ON "STAND-BY STATUS" FOR
TIME BEING, BUT PREFERENCES GROUP WAS ENCOURAGED TO

CONTINUE EXAMINATION OF ISSUES RELATED TO FUTURE EVOLUTION OF GSP. COMMITTEE'S DISCUSSION OF NOTIFICATION PROCEDURES SHOWED MOST DELS UNWILLING TO GIVE SECRETARIAT EVEN MINIMAL INITIATING ROLE IN THIS AREA. ON EXPORT CREDITS, U.S. DEL MADE PLEA FOR MORE CONSTRUCTIVE ATTITUDE TO LIVING UP TO AND IMPROVING THE "CONSENSUS," NOTING THAT FAILURE TO DO THIS WOULD BODE ILL FOR PROGRESS IN RELATED AREAS OF MTN. END SUMMARY.

2. IMPACT OF GENERAL ECONOMIC DEVELOPMENTS ON INTERNATIONAL TRADE: TC HAD WIDE RANGING DISCUSSION OF CURRENT ECONOMIC/TRADE PROBLEMS AND REACHED GENERAL AGREEMENT ON DESIRABILITY OF IMPROVING COLLECTIVE COMPREHENSION OF THE CHANGES IN TRADE PATTERNS TAKING PLACE AND THEIR IMPLICATIONS FOR TRADE POLICY. U.S. DEL LED OFF DEBATE BY NOTING GENERAL FEELING THAT "ALL IS NOT WELL" IN THE TRADING SYSTEM AND SUGGESTING COOPERATIVE EFFORT TO ANSWER QUESTIONS ABOUT THE MAGNITUDE, CAUSES, TIME DEMENSION, AND ABSORBABILITY OF CHANGES IN TRADING PATTERNS BEING EXPERIENCED. U.S. DEL STRESSED THAT PURPOSE OF SUCH DISCUSSIONS SHOULD BE TO STRENGTHEN ABILITY TO MAINTAIN OPEN TRADING SYSTEM AND NOT SERVE AS VEHICLE FOR RESTRICTIVE MEASURES WHICH WOULD SERIOUSLY UNDERMINE THIS SYSTEM IN THE LONGER RUN. OTHER DELS INTERVENTIONS WERE LIMITED OFFICIAL USE

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BROADLY SUPPORTIVE OF THESE VIEWS. EC COMMISSION REP (PHAN VAN PHI) AGREED WITH NEED FOR ANALYSIS OF TRADE TRENDS AND COMPETITIVENESS FACTORS, BUT WAS COOL TO IDEA (SUPPORTED BY U.S. AND SOME OTHER DELS) THAT STUDY OF ACTIONS TAKEN BY GOVERNMENTS IN RECENT YEARS WOULD BE USEFUL COMPLEMENT. FRENCH DEL GAVE SIMILAR SUPPORT FOR ANALYSIS TO SEPARATE CYCLICAL FROM STRUCTURAL EFFECTS AND TO DEEPEN UNDERSTANDING OF LONG TERM CONSEQUENCES OF OIL PRICE INCREASES, TO BE DONE, HOWEVER, WITHOUT CALLING EXISTING TRADING SYSTEM INTO QUESTION. GROUP AGREED DISCUSSIONS SHOULD NOT TAKE UP PARTICULAR SECTORS OTHER THAN AS ILLUSTRATIONS OF MORE GENERAL CONCERNS.

3. NEW ZEALAND AND NORWAY ARGUED THAT TRADE PROBLEMS WERE REALLY SUBSIDIARY TO BROADER QUESTION OF BOP IMBALANCES AMONG OECD COUNTRIES AND NEED FOR A STRONGER ECONOMIC RECOVERY. NEW ZEALAND AND AUSTRALIA

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INSISTED THAT PROBLEMS OF AGRICULTURE NOT BE LEFT OUT,
AND LATTER ADDED RAW MATERIALS TO LIST. SWISS, WITH
UK SUPPORT, URGED EXAMINATION OF CONTRADICTION BE-
TWEEN HELPING LDC'S TO INDUSTRIALIZE AND THEN
LIMITING THEIR EXPORTS VIA TRADE RESTRICTIONS. THERE
WAS GENERAL AGREEMENT THAT MTN MOMENTUM SHOULD CONTINUE
TO ACCELERATE AND THAT NOTHING IN TC DISCUSSIONS SHOULD
INTERFERE WITH THIS. EC COMMISSION REP WARNED AGAINST
CONSEQUENCES FOR MTN SHOULD SECTORAL DISCUSSIONS SUCH
AS THOSE ON STEEL BE TRANSFERRED TO GENEVA.

4. DESPITE GENERAL APPROVAL OF NEED TO DISCUSS THESE
ISSUES, NUMBER OF DELS WERE UNENTHUSIASTIC ABOUT
COMMISSIONING SUBSTANTIAL ANALYTICAL WORK BY
SECRETARIAT. CHAIRMAN STEEG NOTED OECD SEC GEN WAS
WORKING ON STRUCTURAL ADJUSTMENT QUESTION FOR XCSS
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AND SUGGESTED SECRETARIAT'S WORK BE MADE AS USEFUL AS

POSSIBLE FOR THE TC'S OWN DISCUSSIONS.

HER SUMMARY NOTES TC'S INTENTION TO CONTINUE INFORMAL EXCHANGE OF VIEWS AT NEXT MEETING AND THAT SHE WILL CONSULT WITH SECRETARIAT AND INTERESTED DELS ON HOW TO PREPARE FOR IT. SECRETARIAT WILL, HOWEVER, DO LIST OF MEASURES TAKEN IN RECENT YEARS TO GIVE ROUGH INDICATION OF MAIN PROBLEM AREAS IN PAST.

5. EAST-WEST TRADE: TRADE COMMITTEE TOOK STOCK OF WORK ON E/W TRADE QUESTIONS AND ENDORSED CONCEPT OF REGULAR REVIEW OF DEVELOPMENTS IN THIS SECTOR, WITH FURTHER WORK ON COUNTERTRADE AND RECIPROCITY ISSUES. IN ADDITION TO REGULAR UPDATING OF TRENDS REPORT, EC COMMISSION, CANADA, AND U.S. SUPPORTED MORE DISCUSSION OF WHAT COULD BE ASKED OF EAST IN RETURN FOR TRADE CONCESSIONS, WITH U.S. PROPOSING FOCUS ON BUSINESS FACILITATION. CANADA AND SWEDEN MENTIONED CONTINUED INTEREST IN EXPORT FINANCING QUESTIONS, WITH LATTER ALSO URGING WORK ON EASTERN PRICING AND WESTERN IMPORT REGIMES. NUMBER OF DELS FAVORED KEEPING AWARE OF TRENDS IN AREA OF COUNTERTRADE. ITALIANS WENT TO SOME LENGTH TO EXPRESS THEIR CONCERN AT INCREASED REQUESTS FROM EAST FOR ARRANGEMENTS OF THIS SORT, AND SUGGESTED SUCH REQUESTS INVOLVING PRODUCTS OTHER THAN RAW MATERIALS SHOULD BE DISCOURAGED. FOR RECORD FINNS AND EC COMMISSION NOTED THEIR UNDERSTANDING THAT WORK ON E/W SHOULD NOT AIM AT POLICY COORDINATION.

6. TOXIC SUBSTANCES: COMMITTEE HEARD REPORT FROM SECRETARIAT ON DISCUSSIONS HELD EARLIER THIS YEAR ON U.S. TOXIC SUBSTANCES CONTROL ACT. EC COMMISSION, SWEDEN AND SWITZERLAND INDICATED THEIR CONTINUED LIMITED OFFICIAL USE

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INTEREST IN SUBJECT, WITH LATTER EXPRESSING APPRECIATION FOR CHANGES ALREADY MADE IN PROPOSED U.S. REGULATIONS AS RESULT OF CONSULTATIONS. U.S. DEL NOTED U.S. WOULD CONTINUE TO SEEK TO AVOID ANY INADVERTANT BARRIERS TO TRADE AND AFFORD FULL CONSULTATION OPPORTUNITIES TO INTERESTED PARTIES.

7. PREFERENCES: TC ENCOURAGED PREFERENCES GROUP TO CONTINUE WORK ON ANALYSIS OF SYSTEMS, DIFFERENTIATION AMONG BENEFICIARIES, SECURITY OF GSP, AND POST 1980 QUESTIONS. EC COMMISSION REP SUGGESTED NEED FOR OBLIQUE APPROACH TO DIFFERENTIATION AND POSSIBLE UTILITY OF A "DECLARATION OF INTENTION" ON THE SECURITY ISSUE TOWARD THE CONCLUSION OF THE MTN. U.S., WITH SWEDISH SUPPORT, THOUGHT QUESTION OF LEGAL STATUS OF GSP NEEDED EARLY CONSIDERATION, TO SEE WHAT COULD BE

DONE IN RESPONSE TO LDC DEMANDS WITHOUT COMPROMISING
UNITARY NATURE OF TRADING SYSTEM AND AUTONOMOUS
CHARACTER OF GSP. CHAIRMAN STEEG'S SUMMARY INCLUDES
NEEDLE TO COMMISSION TO PROVIDE DATA ON OPERATION OF
EC'S GSP ON MORE TIMELY BASIS.

8. SPECIAL AND DIFFERENTIAL TREATMENT: CONSENSUS OF
TC WAS THAT, FOR TIME BEING, THERE WAS NO NEED TO
EXTEND WORK ON S&D. U.S., HOWEVER, SUGGESTED WORKING
PARTY COULD EXAMINE WHAT LDC'S WERE DOING IN TRADE
POLICY AREA AND MEANING FOR THEM OF ACCEDING TO GATT
OBLIGATIONS. JAPANESE ALSO THOUGHT CONTINUED HORIZON-
TAL WORK WOULD BE USEFUL TO ENSURE COHERENCE OF
APPROACH TO S&D IN SEPARATE AREAS OF MTN. GROUP AGREED

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WORKING PARTY SHOULD REMAIN IN "STANDBY STATUS"
AND COULD MEET, WITHOUT PRIOR CONSENT OF TC ITSELF
BEING NEEDED, WHENEVER ITS MEMBERS CONSIDERED IT
USEFUL.

9. AGRICULTURAL MARKET INSTABILITY: TC NOTED REPORT

OF JOINT WORKING PARTY AND SUPPORTED CONTINUATION OF WORK. AUSTRALIA, U.S., AND NEW ZEALAND URGED EARLY PUBLICATION OF REPORT, BUT EC COMMISSION SAID THIS COULD NOT BE DONE UNTIL PROJECT WAS FULLY COMPLETED, AND ISSUE WAS REMANDED TO JWP.

10. EC BEEF IMPORT REGIME: EC COMMISSION WAS QUESTIONED SHARPLY BY AUSTRALIA AND NEW ZEALAND ON EFFECTS OF NEW BEEF IMPORT REGIME, AND U.S. DEL EXPRESSED CONCERN THAT EC POLICIES COULD INCREASE LIMITED OFFICIAL USE

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PRESSURE ON U.S. MARKET. COMMISSION REP'S LENGTHY RESPONSE FAILED TO ANSWER QUESTION AS TO WHETHER ANY IMPORTS HAD TAKEN PLACE OVER NEW LEVY. CHAIRMAN STEEG NOTED THIS POINT AND ENCOURAGED JOINT TRADE/AGRICULTURE WORKING PARTY TO CONTINUE ITS EXAMINATION WHEN 1977 TRADE DATA WAS AVAILABLE.

11. CHANGES IN TRADE POLICY: GROUP WELCOMED ANNOUNCEMENT BY SPAIN THAT ITS TEMPORARY RESERVATION ON RENEWAL OF TRADE PLEDGE EARLIER IN YEAR HAD BEEN DROPPED OCT. 14. U.S. COMPLAINED ABOUT AUSTRALIAN RESTRICTIVE ACTION ON WHISKY AFFECTING U.S. BOURBON EXPORTS, AND AUSTRALIA ANNOUNCED THAT THIS ACTION HAD ALREADY BEEN DISCONTINUED. U.S. AND CANADA CRITICIZED DUTCH AND DANISH EXPORT SUBSIDY FUNDS. THESE COUNTRIES REPLIED THE FUNDS WERE DESIGNED TO ALLOW THEM TO MATCH TERMS OFFERED BY OTHER'S EXPORT CREDIT AGENCIES. CHAIRMAN CONCLUDED WORKING PARTY SHOULD KEEP THESE MEASURES UNDER REVIEW.

12. NOTIFICATION PROCEDURES: SECRETARIAT PROPOSED THAT IT TRY TO COVER GAPS IN EXISTING NOTIFICATION PROCEDURES BY REGULARLY BRINGING TO THE ATTENTION OF THE WORKING PARTY ACTIONS WHICH IT BECAME AWARE OF, EVEN WHEN THESE ARE NOT FORMALLY NOTIFIED. U.S. OFFERED SUPPORT, BUT EC COMMISSION AND MEMBER STATES STRONGLY OBJECTED, ON GROUNDS IT SHOULD BE LEFT TO COUNTRIES WITH INTEREST IN ACTION TO NOTIFY AND NOT SECRETARIAT. CHAIRMAN STEEG SUGGESTED COUNTRIES INTERESTED IN BROADENING COVERAGE OF PARTICULAR ACTIONS DISCUSSED BY WORKING PARTY COULD TAKE INITIATIVE TO THIS EFFECT IN THE WORKING PARTY ITSELF.

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13. EXPORT CREDITS: AT END OF SESSION U.S. DEL MADE STATEMENT NOTING THAT SOME COUNTRIES APPEARED TO BE FALLING BACK FROM THE GUIDELINES OF THE EXPORT CREDIT CONSENSUS AND EXPRESSED U.S. DISAPPOINTMENT AT THIS DEVELOPMENT. HE WARNED THAT INABILITY TO MAKE PROGRESS IN THIS LIMITED AREA WOULD DIMINISH PROSPECTS FOR MORE GENERAL AGREEMENT ON SUBSIDIES AND COUNTERVAILING DUTIES IN MTN, AND URGED OTHER DELS TO ASSIST IN GIVING INCREASED IMPETUS TO ATTEMPTS TO IMPROVE THE EXPORT CREDIT CONSENSUS.

14. NEXT MEETING: TRADE COMMITTEE AGREED TO MEET NEXT ON FEB. 22-23, 1978.
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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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